

MARYLAND INSURANCE ADMINISTRATION

MARYLAND INSURANCE	*	REVIEW OF A RECOMMENDED
ADMINISTRATION	*	DECISION ISSUED BY
<i>EX REL J.G.</i> ¹	*	SYEETAH HAMPTON-EL,
Complainant	*	AN ADMINISTRATIVE LAW JUDGE
v.	*	OF THE MARYLAND OFFICE OF
TRAVELERS PROPERTY CASUALTY	*	ADMINISTRATIVE HEARINGS
INSURANCE COMPANY	*	OAH No.: MIA-CC-33-23-10057
	*	MIA No.: MIA-2023-01-019
Licensee	*	
* * * * *		

FINAL ORDER

Pursuant to Md. Code Ann., Ins. § 2-210(d)² and Code of Maryland Regulations (COMAR) 31.02.01.10-2D and 31.02.01.10-2H, the undersigned Maryland Insurance Commissioner hereby clarifies the disposition and issues this **summary affirmation** of the proposed decision below.

On November 29, 2022, the Maryland Insurance Administration (hereinafter “MIA”) received a complaint from J.G. (hereinafter “Complainant”) alleging that Travelers Property Casualty Insurance Company (hereinafter “Licensee”) violated Maryland Insurance Law when it sought premiums payment for an automobile policy that was improperly cancelled and then reinstated by Licensee. The MIA investigated the Complaint, and on January 13, 2023, issued a determination letter concluding that Licensee’s actions did not violate Maryland’s Insurance Law. Specifically, under Maryland insurance law, an insurer is required to charge the rates filed with the

¹ In an effort to protect complainant’s privacy, the Maryland Insurance Administration now uses initials to identify complainants.
² Unless otherwise noted, all statutory references are to the Insurance Article of the Annotated Code of Maryland.

Maryland Insurance Administration. Further, the MIA can only declare unlawful those actions by an insurer that are shown to be arbitrary, capricious, or discriminatory or not reasonably related to the insurance company's economic and business purposes. Based on its investigation of the complaint, the MIA found that Licensee had not violated Maryland insurance laws. The determination letter referenced Sections 11-230(a), 11-341, and 27-216(b)(1)(i) and (ii) of the Annotated Code of Maryland, Insurance Article. The Complainant requested a hearing which was granted on January 24, 2023. This matter was then transmitted to the Office of Administrative Hearings (hereinafter "OAH) to conduct a contested hearing and to issue a Proposed Decision pursuant to COMAR 31.02.01.04-1A. In its referral to the OAH, the MIA noted that specific attention would be directed to the Annotated Code of Maryland, Insurance Article, Sections 11-230(a), 11-341, and 27-216(b)(1)(i) and (ii).

On June 15, 2023, this case was heard by Administrative Law Judge ("ALJ") Syeetah Hampton-El. On July 6, 2023, the ALJ issued a Proposed Decision setting forth factual findings and conclusions of law with respect to 11-230(a), 11-341, and 27-216(b)(1). On the same date the OAH mailed the Proposed Decision to the parties in this case. Attached to the Proposed Decision was the notice regarding the Right to File Exceptions advising all parties that pursuant to COMAR 31.02.01.10-1, they had the right to file written exceptions with the undersigned, within twenty (20) days from receipt of the Proposed Decision. Neither party filed exceptions in this case.

On page 8 of the Proposed Decision, ALJ Hampton-El orders that the "Licensee not be found in violation of sections 11-230, 11-341, or 27-216 of the Insurance Article and that the charges made by Complainant be **DENIED AND DISMISSED.**" I find it necessary to clarify the

disposition of the case. Rather than dismissing the Complaint, I conclude that the determination issued by the MIA shall be hereby **AFFIRMED** based on the Findings of Fact and Discussion provided by ALJ Hampton El.

THEREFORE, it is hereby

ORDERED that the Proposed Decision of ALJ Hampton-El is affirmed,

ORDERED that, as a matter of law, it be found that Licensee did not violate Sections 11-230(a), 11-341, or 27-216(b)(1)(i) and (ii);

ORDERED that the determination by the MIA be hereby **AFFIRMED** based on the Findings of Fact and Discussion provided by Hampton El;

ORDERED that the Proposed Decision, discussion and conclusions of law of ALJ Hampton-El be adopted as the Commissioner's Final Order, and it is further

ORDERED that the records and publications of the Maryland Insurance Administration reflect this decision.

It is so **ORDERED** this 4th day of August, 2023.

KATHLEEN A. BIRRANE

Commissioner

signature on original

ERICA J. BAILEY

Associate Commissioner of Hearings

MARYLAND INSURANCE

ADMINISTRATION

EX REL.

J.G.,

COMPLAINANT

v.

TRAVELERS PROPERTY

CASUALTY INSURANCE

COMPANY,

LICENSEE

* BEFORE SYEETAH HAMPTON-EL,
* AN ADMINISTRATIVE LAW JUDGE
* OF THE MARYLAND OFFICE
* OF ADMINISTRATIVE HEARINGS

*

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* OAH No.: MIA-CC-33-23-10057

* MIA No.: 2023-01-019

* * * * *

PROPOSED DECISION

STATEMENT OF THE CASE
ISSUE
SUMMARY OF THE EVIDENCE
FINDINGS OF FACT
DISCUSSION
CONCLUSIONS OF LAW
PROPOSED ORDER

STATEMENT OF THE CASE

On November 29, 2022, the Maryland Insurance Administration (MIA) received a complaint from the Complainant alleging violations of Maryland Insurance law by Travelers Property Casualty Insurance Company (Licensee). Specifically, the Complainant alleged that the Licensee improperly sought premium payment for an automobile policy improperly cancelled and then reinstated by the Licensee.

After an investigation, the MIA found that the Licensee did not violate sections 11-230, 11-341, or 27-216 of the Insurance Article and notified the Complainant of its finding by a letter dated January 13, 2023. On January 23, 2023, the Complainant requested a hearing. On April 4, 2023, the MIA transmitted the matter to the Office of Administrative Hearings (OAH) to conduct a contested case hearing. In its transmittal, the MIA delegated to the OAH authority to issue a proposed decision.¹

On April 19, 2023, the OAH provided a Notice of Hearing (Notice) to the Licensee by United States mail to the Licensee's address on record with the OAH. COMAR 28.02.01.05C(1). The Notice stated that a hearing was scheduled for June 15, 2023, at 1:00 p.m., at the OAH Headquarters located in Hunt Valley, Maryland. The Notice further advised the Licensee that failure to attend the hearing might result in "a decision against you."

The United States Postal Service did not return the Notice to the OAH. The Licensee did not notify the OAH of any change of mailing address. COMAR 28.02.01.03E. The Licensee made no request for postponement prior to the date of the hearing. COMAR 28.02.01.16. I conclude that the Licensee received proper notice of the hearing. COMAR 28.02.01.05A, C.

On June 15, 2023, I held a hearing at the OAH in Hunt Valley, Maryland. Md. Code Ann., Ins. §§ 2-210, 2-213 (2017 & Supp. 2022).² The Complainant appeared without representation and was prepared to proceed. Neither the Licensee, nor anyone authorized to represent the Licensee, appeared. Because the Complainant has the burden of proof, I proceeded with the hearing. COMAR 28.02.01.23A.

¹ The Insurance Commissioner may delegate to the OAH the authority to issue: (a) proposed or final findings of fact; (b) proposed or final conclusions of law; (c) proposed or final findings of fact and conclusions of law; or (d) a proposed or final order. Code of Maryland Regulations (COMAR) 31.02.01.04-1A.

² Unless otherwise noted, all references hereinafter to the Insurance Article are to the 2017 Replacement Volume of the Maryland Annotated Code.

The contested case provisions of the Administrative Procedure Act, the MIA's hearing regulations, and the OAH's Rules of Procedure govern procedure. Md. Code Ann., State Gov't §§ 10-201 through 10-226 (2021); COMAR 31.02.01; COMAR 28.02.01.

ISSUE

Did the Licensee violate sections 11-230, 11-341, or 27-216 of the Insurance Article?

SUMMARY OF THE EVIDENCE

Exhibits

I incorporated the entire MIA file³, consisting of nine exhibits, into the record as follows:

- MIA Ex. 1 – Complaint, dated November 29, 2022
- MIA Ex. 2 – Letter from the MIA to the Licensee, dated November 29, 2022
- MIA Ex. 3 – Documents provided by the Complainant to the MIA, various dates
 - Email from the Motor Vehicle Administration (MVA) to the Complainant, dated October 17, 2022
 - Travelers Automobile Policy, dated November 15, 2022
 - Letter from the MVA to the Complainant, dated October 19, 2022 – November 7, 2022
 - Fax cover sheets from the Complainant to the MIA, dated November 29, 2022
- MIA Ex. 4 – Response letter from the Licensee to the MIA, dated December 21, 2022
- MIA Ex. 5 – Letter from the MIA to the Licensee, dated December 21, 2022
- MIA Ex. 6 – Response letter from the Licensee to the MIA, dated January 6, 2023
- MIA Ex. 7 – Letter from the MIA to the Complainant, dated January 13, 2023
- MIA Ex. 8 – Complainant's request for hearing, dated, January 13, 2023
- MIA Ex. 9 – Letter from the MIA to the Complainant, dated January 24, 2023

I admitted the following exhibits offered by the Complainant:

- Compl. Ex. 1 – Letters from the Credit Collection Services (CCS), dated February 10, 2023; March 20, 2023; May 12, 2023; and June 2, 2023

³ The MIA included an additional copy of all exhibits.

I did not admit exhibits on behalf of the Licensee as the Licensee failed to appear.

Testimony

The Complainant testified and did not present other witnesses.

The Licensee failed to appear and therefore did not present witnesses.

FINDINGS OF FACT

I find the following facts by a preponderance of the evidence:

1. The Licensee issued an automobile policy (Policy) to the Complainant, covering two drivers and three automobiles. The Policy was effective from February 26, 2022, through August 26, 2022.
2. On August 26, 2022, the Licensee cancelled the Policy, but did not mail a Notice of Nonrenewal to the Complainant.
3. During the cancellation, the Licensee did not collect a premium from the Complainant.
4. On November 6, 2022, the Licensee reinstated the Policy with an effective date of August 26, 2022, through February 26, 2023. The reinstated Policy premium totaled \$21,653.00.
5. On November 9, 2022, the Complainant cancelled the Policy, and the Licensee issued the Complainant a credit of \$1,761.00 against the remainder of the Policy period.
6. On November 15, 2022, the Licensee rescinded the rate increase and issued a credit of \$18,677.00. After the credit, the Licensee revised the Policy premium amount to \$2,976.00.
7. After the credits, the Licensee revised the Policy earned premium owed amount to \$1,215.00 for August 26, 2022, through November 9, 2022.

DISCUSSION

When the MIA referred this case to the OAH, it directed the Administrative Law Judge conducting the hearing to pay specific attention to sections 11-230, 11-341, and 27-216 of the Insurance Article.

Section 11-230(a) provides that:

An insurer or officer, insurance producer, or representative of an insurer may not knowingly issue or deliver or knowingly allow the issuance or delivery of a policy or endorsement, certificate, or addition to the policy, except in accordance with the filings that are in effect for the insurer as provided in this subtitle.

Ins. § 11-230(a) (Supp. 2022).

Section 11-341 provides that “an insurer may not make or issue an insurance contract or policy of insurance of a kind to which this subtitle applies, except in accordance with the filings that are in effect for the insurer as provided in this subtitle.” Ins. § 11-341 (Supp. 2022).

Section 27-216(b)(1) provides that:

A person may not willfully collect a premium or charge for insurance that: (i) exceeds or is less than the premium or charge applicable to that insurance under the applicable classifications and rates as filed with and approved by the Commissioner; or (ii) if classifications, premiums, or rates are not required by this article to be filed with and approved by the Commissioner, exceeds or is less than the premium or charge specified in the policy and set by the insurer.

Ins. § 27-216 (Supp. 2022).

When not otherwise provided by statute or regulation, the standard of proof in a contested case hearing before the OAH is a preponderance of the evidence, and the burden of proof rests on the party making an assertion or a claim. State Gov’t § 10-217; COMAR 28.02.01.21K. To prove an assertion or a claim by a preponderance of the evidence means to show that it is “more likely so than not so” when all the evidence is considered. *Coleman v. Anne Arundel Cnty. Police Dep’t*, 369 Md. 108, 125 n.16 (2002). In this case, the Complainant, as the party asserting

the violation occurred, has the burden of proof. COMAR 28.02.01.21K(1), (2)(a).

Although the Licensee failed to appear, based on the documentary evidence the Complainant and the Licensee agree on several facts in this case. There is no dispute that the Complainant had a Policy with the Licensee effective February 26, 2022, through August 26, 2022. Based on the admitted MIA exhibits, the Licensee acknowledged cancelling the policy without sending the required Notice of Nonrenewal. The Complainant testified that the Licensee did not provide notice of the cancellation causing her to receive letters from the MVA. The Complainant further explained that the Licensee reinstated the Policy, with an effective date of August 26, 2022, several months after August 26, 2022. The Complainant testified that she did not pay the premium during the cancellation period or upon its reinstatement. This is consistent with the documentary evidence provided by the MIA as provided by the Licensee.

Based on the admitted evidence, the Licensee did not intend to renew the Complainant's Policy, without a premium increase, due to matters contained in the driving history. But because the Licensee failed to send the proper notices, the Licensee could not cancel the policy or impose the premium increase. Therefore, the Licensee had to reinstate the Policy with a premium amount of \$21,653.00. At the time of reinstatement, the Licensee subtracted the procedurally improper premium increase in the amount of \$18,677.00, leaving a premium amount of \$2,976.00. However, the Complainant then cancelled her Policy on November 9, 2022, before the expiration of the Policy period, and the Licensee imposed a credit of \$1,761.00, leaving an earned premium amount of \$1,215.00 for a policy period of limited to August 26, 2022, until November 9, 2022.

Original Premium Amount:	\$21,653.00
<u>Premium Increase Amount:</u>	<u>- \$18,677.00</u>

Subtotal: \$2,976.00

Deduction caused by Complainant Cancellation: - \$1,761.00

Remaining Earned Premium Amount: = \$1,215.00

Although not disputing the math, the Complainant argued that she should not be required to pay for the two months in which she did not have insurance coverage. The Complainant testified she did not know the breakdown of the \$1,215.00 and disputed the amount since she cancelled the Policy.

Based on the evidence presented, I find that the Complainant failed to show the Licensee departed from its rating plans on file with the MIA. In this case, the Licensee acknowledged improperly cancelling the Policy and imposing a premium increase without providing the notice required by Maryland law. This error caused the MVA to send the Complainant an Insurance Cancellation Notice. (MIA Ex. 3). Upon learning of the errors, the Licensee reinstated the Policy with an effective date of August 26, 2022. Albeit several months later, the Licensee reinstated the Policy with an effective date of August 26, 2022. The effective date considers the Licensee's error caused by the improper cancellation. Therefore, the Complainant did not go without insurance for several months because the Licensee issued a corrected notice. Further, the Complainant did not receive additional Insurance Cancellation Notices from the MVA.

In addition, the Licensee credited the Policy premium amount to account for the improper premium increase and for the remainder of the Policy period when the Complainant decided to cancel her Policy. Even after the multiple credits imposed by the Licensee, there is no dispute that the Complainant had a Policy from August 26, 2022, until November 9, 2022. During this time, the Licensee provided a Policy and the Complainant did not make any premium payments; therefore, the Complainant owes \$1,215.00. The Licensee maintains a filed rating plan with the

MIA and must follow the rating plan. The Licensee must also follow the Insurance Article before imposing premium increases and policy cancellations. In this case, the Licensee made errors when attempting to cancel the policy and impose premium increases. Those errors prohibited the Licensee from cancelling the policy or imposing the premium increases. I find that the Licensee corrected those errors leaving an earned premium amount for August 26, 2022, through November 9, 2022, in the amount of \$1,215.00. There was no evidence that it failed to follow its rating plan on file with the MIA. Ins. §§ 11-230(a), 11-341, 27-216. Therefore, I find that the Licensee explained the earned premium amount and did not violate Maryland Insurance law when imposing the earned premium or asking the Complainant to pay \$1,215.00 for coverage from August 26, 2022, through November 9, 2022.

CONCLUSIONS OF LAW

I conclude as a matter of law that the Complainant did not show that the Licensee imposed an improper premium or charge under the Insurance Article. Md. Code Ann., Ins. §§ 11-230, 11-341, 27-216 (2017).

PROPOSED ORDER

Based upon the above Findings of Fact, Discussion, and Conclusion of Law, I **PROPOSE** that the Licensee not be found in violation of sections 11-230, 11-341, or 27-216, of the Insurance Article and that the charges made by the Complainant be **DENIED AND DISMISSED**.

July 6, 2023
Date Decision Issued

SAH/ac
#205986

signature on original

Syeetah Hampton-EL
Administrative Law Judge

RIGHT TO FILE EXCEPTIONS

Upon receipt of this proposed decision, affected parties have twenty (20) days to file exceptions with the Insurance Commissioner. COMAR 31.02.01.10-1B(1). If a party wishes to receive a transcript of the hearing before filing exceptions, the party has ten (10) days from receipt of the decision to either: 1) file a written request for a transcript with the Insurance Commissioner, or 2) request a transcript of the hearing from a private stenographer and file a copy of their written request to a private stenographer with the Insurance Commissioner. COMAR 31.02.01.10-1B(2). If a transcript is requested, the transcript must be filed with the Commissioner within sixty (60) days of the request, and then a party has thirty (30) days after the filing of the transcript to file exceptions. COMAR 31.02.01.10-1D. Written exceptions and requests for transcripts should be addressed to: Hearing and Appeals Coordinator, Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, MD 21202. The Office of Administrative Hearings is not a party to any review process.

Copies Mailed To:

Complainant

Jim McNally
The Travelers Indemnity Company
One Tower Square
CRO-4A
Hartford, CT 06183